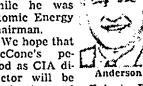
Withheld Some Facts McCone

While Drew Pearson is in the Midwest, his column is written by his associate, Jack Anderson.

By Jack Anderson

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inform rectly Senators last week about an alleged conflict of interest while he was Atomic Energy chairman.



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confirmation debate is to alert the public regarding the past James Wolf. record of the office-holder, Services Committee.

They questioned McCone came up informally. about the arbitrary award of the atomic-ship contract to AEC participated in preparing States Marine, which was as the States Marine contract, sociated with McCone in sev-and (2) that the final drafting eral joint shipping ventures.

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Claiming no part in the contract negotiations, McCone testified last week: "This contion's confidential records re-tract was negotiated during veal that John McCone, the the spring of 1958. It was new Central Intelligence chief, awarded on the 6th of June of 1958, I took office the 9th or 10th of July, some six weeks later."

> however, that the contract sweetly. wasn't awarded until July 25, 1958. Even more significant, it was held up by the Atomic Commission, which Energy wanted the language revised. Energy Commission.

All this happened while Mc-Cone was chairman. His legal frank about the AEC's part in productive and efficient. But officer, who drafted the changes preparing the final contract. one of the purposes of Senate that the AEC wanted in the States Marine contract, was

Reached in Pittsburgh, where and put him on notice regard- he is now practicing law, Wolf ing the future. This was one confirmed to this column that objective in cross-examination the AEC had delayed and regiven McCone by some of the vised the contract. Maritime more alert and conscientious officials, who helped with the members of the Senate Armed revisions, also recall that the question of McCone's conflict

> This makes clear (1) that the occurred after McCone be-

Yet at his Senate hearing termine the best qualified last week, he claimed that the ment?" company, rated States Marine contract negotiations not only sixth out of seven applicants. were handled strictly by the do not think it is, Senator."

Yet the Eisenhower Administration Administration of the contract negotiations and only the do not think it is, Senator." Yet the Eisenhower Adminis; Maritime Administration but He launched into an in- Copyright, 1962, Bell Syndicate, Inc.

Maine's demure Sen. Margaret Chase Smith brought out that McCone, though aware of the States Marine conflict, neglected to mention it during his 1958 confirmation hearings.

"Why didn't you mention the States Marine lines in Maritime records disclose, your answer?" she asked

> "I cannot recall," shrugged McCone, "except that there was no contract between States Marine and the Atomic Beall.

Again, he was less than

South Dakota's GOP Sen. Francis Case, author of the Renegotiation act which has saved the Government more than \$12 billion in excess war profits, also tried to pin War II profits.

Fat War Profits

a group with which you are associated, with a basic investment of \$100,000, to make profits of over \$44 million in the space of a couple of years

tration overruled the board were completed before he was volved financial discussion which Case disputed by reading the past record.

> Sen. Glenn Beall, Maryland Republican, brought out that McCone, as Under Secretary of the Air Force, had participated in awarding a juicy airplane contract to Henry Kaiser, a former business associate. Kaiser-Frazer, promptly ran up the cost of producing the C-119 flying boxcar nearly five times the previous price.

> "Wasn't it a fact that Fairchild was building the C:119 for \$260,000?" demanded

> "Just about," McCone admitted.

> "And Kaiser-Frazer charged \$1,200,000?" Beal pressed.

> "Information of that nature came out in the June, 1953, hearing," McCone acknowledged.

"Why," asked Sen. Howard Cannon, Nevada Democrat, McCone down on his World was the contract taken from Fairchild and awarded to Kaiser?"

"What happened was that "Apparently," declared we were going through a vast Case, "it became possible for expansion of our aircraft production program," explained McCone. "The problem we faced was whether to open up a second plant under Fairchild management or to take a second source such as or less. Is that a fair state-Kaiser-Frazer. The recommendation of the Air Materiel Command, which I approved, was to select Kaiser-Frazer.'

The Washington Post 25 January 1962

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